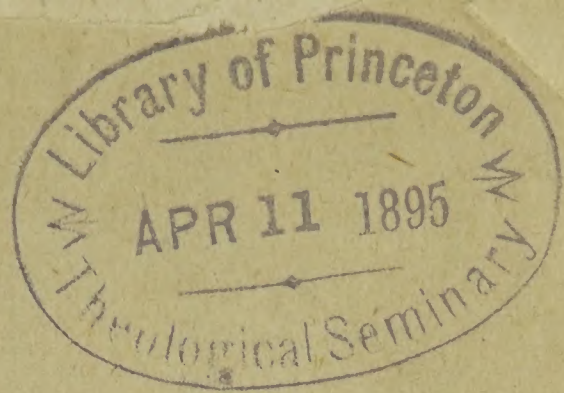


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— THE —

NEW MISSION BUILDING

OR THE

BOARDS OF

HOME AND FOREIGN MISSIONS

OF THE

PRESBYTERIAN CHURCH

IN THE

UNITED STATES OF AMERICA.

The Investment and Security of Trust Funds. The Legacies of Mrs.
R. L. Stuart. The Policy of the Church as to
Its Boards and Buildings.

BY THOS. McDOUGALL.

CINCINNATI:
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EXPLANATORY.

The purchase of real estate on the corner of Twentieth street and Fifth avenue, New York City, and the erection of a large structure thereon by the Boards of Home and Foreign Missions, at a cost of one million, seven hundred and fifty thousand dollars, involve many important questions of policy, the use of trust funds, and the extent of the powers of those Boards, worthy of the consideration of the membership of the Church.

This pamphlet is published and circulated by the writer for the sole purpose of enabling the membership of the Church to give to the questions raised by this investment, that careful and thorough consideration which will enable the Church to determine its future policy in regard to the disposition of trust funds, and the administration of the affairs of its several Boards.

CINCINNATI, O., Mar. 12th, 1895.

To the Members of the Presbyterian Church in the U. S. A.

DEAR BRETHREN:—According to the reports made to the last General Assembly, at Saratoga, the Boards of Home and Foreign Missions closed their fiscal year May 1, 1894, with an aggregate indebtedness of \$361,243.34, divided as follows: Home Missions, \$258,645.55; Foreign Missions, \$102,597.79. The Church is to be congratulated that in a time of unparalleled financial depression, during the fiscal year ending May 1, 1894, the contributions for these two Boards reached the sum of \$1,746,101.76. The cause of Christ, as represented in the Home and Foreign Mission work of the Presbyterian Church, demands the generous support of every member of the Church, in order that the demands of the fields may be met with an adequate supply of men and money. Whatever differences of opinion may exist among our people should not, for one moment, interfere with the progress of the work, nor with the financial support which is necessary to carry on the operations of the two Boards.

The members of the Boards, the secretaries and other officials have no interest in the service other than their desire to see the Kingdom prosper. To the best of their ability, and at

great personal sacrifice to many of them, they seek the welfare of the Church with a fidelity and service that merit the commendation of all.

It is to be deeply regretted that so much indebtedness existed at the beginning of this fiscal year. In order to its payment, and to the raising of the funds necessary for the work of the Boards, contributions must be increased over those of last year.

THE NEW MISSION HOME.

One of the subjects which occupied the attention of the last General Assembly was the erection of a new mission home on the site purchased in 1893 by the two Boards on Twentieth street and Fifth avenue.

The dimensions of this lot are 92 feet on Fifth avenue, and 198 feet on Twentieth street, it having been purchased from the estate of Mrs. R. L. Stuart, April 15, 1893, of which estate Messrs. George C. Williams and John S. Kennedy are executors. The price paid for the lot was \$670,000, and was paid as follows:

From Legacy of Mrs. R. L. Stuart - \$315,000.00.
Gift from Mr. John S. Kennedy - 15,000.00.
Loan, on the property, at 4½% int't 340,000.00.

THE PRESENT MISSION HOME.

The premises now occupied by these two Boards on Fifth avenue and Twelfth street, eight blocks distant

from the new site, front 131 feet on Fifth avenue, 103 feet of which is 150 feet deep on Twelfth street, and the remaining 28 feet is 103 feet deep. This site is larger in area than the new one on Twentieth street and Fifth avenue. The rear part of the present premises, fronting about sixty feet on Twelfth street, is vacant.

On the new site, a building not less than ten stories in height is in course of erection, at a cost of not less than one million dollars (\$1,000,000); so that when the building is completed, the site and building will represent an investment of at least one million, seven hundred and fifty thousand dollars (\$1,750,000).

HISTORICAL.

The site now occupied by the two Boards, at the corner of Twelfth street and Fifth avenue, was acquired sometime in the year 1887. With reference to the acquisition of that site, and how it was paid for, we find in the Minutes of the Assembly for 1888, page 21, the following, from the report of the Board of Home Missions to the General Assembly:

“This year has been made especially memorable by the Boards’ acquisition and occupation of a home of their own. A long tried and generous friend of both Boards, the late Mr. R. L. Kennedy, had for years had his eye on these premises as being, in view of the site, the accommodations and associations of an honored Presbyterian name, singularly well suited for a Presbyterian House. Accordingly, at his instance, the heirs of the Lenox estate offered this property to the two Boards for \$250,000, a price judged by experts so low as to involve a virtual gift of a large amount towards the purchase by the heirs themselves. Miss H. A. Lenox, to whose estate this property belonged, had bequeathed to the Home and Foreign Boards each \$50,000. Mr. Kennedy, besides arranging these most favor-

able terms, gave \$50,000 towards the purchase money, and added \$20,000 for the necessary alterations and repairs. Thus two-thirds or three-fourths of the means for this purchase came from members of the family connection owning the property.”

And from the report of the Board of Foreign Missions, the same Minutes, page 79, the following:

“We congratulate the Board upon its entrance into the new quarters, 53 Fifth Ave. To Mr. Robert Lenox Kennedy’s wise forethought and princely munificence the change is largely due. The Mission House, 123 Center St. has grown historic, and was hallowed by precious memories, but who shall forecast the record of this latter house? What if its unfolding history should bring to the waiting eyes of the Church the glories of millennial morning?”

The General Assembly of the same year, as appears on page 67, of its minutes, adopted the following resolution:

“Resolved, that this Assembly hereby expresses its grateful appreciation of the Christian generosity of the heirs of the Lenox estate, and of Mr. Robert Lenox Kennedy, for their munificent aid in securing a house so suitable as a center of our denominational work, and devoutly trusts that this building may stand the next century through as a monument to the wise and loving liberality of those who gave it.”

THE OLD AND THE NEW.

The present premises, the historic Lenox homestead, which were purchased in 1887, less than eight years ago, are to be sold, and the proceeds of the sale invested in this new site and structure, only eight blocks distant on the same street. The present home is without debt or incumbrance, and the ground is of ample area for the buildings necessary for the work of the Church for centuries. These premises, thus acquired from the Lenox estate, as we have stated, are to be sold, and the proceeds of the sale invested in the new site and

structure, on which there now rests a first mortgage for one million of dollars, as hereinafter stated. The money given by Mrs. Henrietta Lenox, and Mr. Robert Lenox Kennedy, and the Lenox heirs, for the purchase of the property, was a permanent gift to the Church. That money, on the sale of these historic premises, is to be invested in a site and building, mortgaged as we have stated, thus not only selling the property bought as a permanent mission home for the Church, but investing the proceeds in a second mortgage—a mortgage on the equity of redemption of the mortgagors—whose security rests on the constant maintenance of sufficient fire insurance policies in responsible companies, and which will be responsible in the event of the destruction of the building. The site on which the new building is being erected was purchased by the two Boards, April 15, 1893, for the sum of \$670,000, and the purchase completed before any action was taken on the subject by the General Assembly.

The site thus purchased at such an enormous cost, was purchased when the Boards had not received any money especially given for that purpose, except the \$15,000 given by Mr. John S. Kennedy; and the erection of a building thereon at a cost of over a million of dollars, in addition to the cost of the site, is being proceeded with when the Boards are in debt hundreds of thousands of dollars for current work, and are in debt \$340,000.00 for the site, and have not received any gifts so far

as we know, for such a building. One million dollars has recently been borrowed by the Board from the Seamen's Bank for Savings, for the new enterprise, the site and building being mortgaged to secure the money thus borrowed.

CREDIT ; NOT FUNDS.

In other words, the Boards of Home and Foreign Missions, being mere agencies of the Church for the administration of certain specific mission work, and the distribution of her funds contributed for that purpose, and being in possession of premises owned in fee simple, and unencumbered by debt, and having vacant ground sufficient to erect any needed buildings for the work of the Boards, and having no money given them for a new building, go into the real estate market and mainly on credit buy a plot of ground on the same street, at a cost of \$670,000, and proceed to erect thereon a building at a cost of over a million of dollars in addition. The Church has never known in her experience, such a gigantic real estate investment, and that very largely on borrowed money. And this investment has been made to provide the necessary room for the secretaries and their clerks, in the work of distributing the funds contributed by the Church, and carrying on the Church's work of Home and Foreign Missions.

According to the statement issued by the two Boards, the reasons given for the purchase of the new site, the erection of the new building, and the sale of the historic Lenox homestead, are as follows :

THE REASONS AS GIVEN BY THE BOARDS.

"THE NEW PRESBYTERIAN BUILDING. The Boards of Home and Foreign Missions are about to erect on the property purchased in 1893, on the corner of Twentieth street and Fifth avenue, a large building for their own needs, with additional office accommodations which will be rented to suitable tenants.

This project represents the result of a careful business consideration of the whole problem of office accommodation. Although planned on a large scale it has been considered in every detail, with a view to practical economy.

Many years ago friends of the Board of Foreign Missions secured a building at 23 Center street, which gave more than ample accommodations for its work, and some portions were rented for secular business. The building was largely the gift of a few friends, among whom was the late James Lenox, and it was confidently believed that the structure would constitute a lasting monument to their liberality. With the Reunion of the Presbyterian Church in 1870, the three great Boards of the Church in New York were placed together in this building, but it became necessary for the Board of Home Missions to rent other quarters, and the two growing organizations for women's work in Missions were obliged to find accommodations elsewhere. Many projects for securing a larger Mission House were from time to time discussed, but for some years no suitable place was found.

But early in 1888, through the efforts and generosity of the late Robert Lenox Kennedy, the Boards moved to the present building at 53 Fifth avenue, the late home of Mr. James Lenox and his two sisters, whose large gifts to the Boards for many years are still remembered. The heirs of Mrs. Henrietta Lenox, who survived her brother, generously sold this property to the Boards for \$250,000, a price less than its actual value. It was paid for by a gift of \$50,000, from Mr. Robert Lenox Kennedy, Miss Henrietta Lenox's legacy of \$50,000, to the Home Board, \$70,000, proceeds of the sale of the Center street property by the Foreign Board, and the balance, \$80,000, from the permanent funds of the two Boards. As in the case of the former building, it was hoped that this would provide commodious quarters for the Boards for many years to come, but the growth of the work has been so great and so rapid that another change has become imperative.

The need of more room for the three Boards of the Church and the two great de-

partments of Women's Work occupying the the present building, also for the various Missionary gatherings which center there, is already urgent. The house having been built as a private dwelling, or rather two dwellings (now separated by what is known as Lenox Hall), is ill-adapted for office use. In many rooms there is positive discomfort, with a necessary lack of highest efficiency. The question of alteration has arisen from time to time, but the present building is so constructed as not to admit of change on any wise and comprehensive plan. Meanwhile, the structure does not admit of business rentals as a source of income. The unoccupied ground is entirely unremunerative, and the plot as a whole can only be economically utilized by the removal of the present structure and the erection of entirely new buildings.

This step is therefore in the interest of wise economy. In a city where property commands the high prices which rule in New York, it is waste to occupy so much land as these Boards own, without utilizing its possibilities for a large income from rentals. The Bible and Tract Societies and the Methodist Episcopal Church have for years acted upon this principle. The Tract Society is about to utilize its valuable property with a new office building. In the present quarters, with so much unavailable space inside and outside the building, and taking into view the value of land in this part of the city, the Boards are living at an extravagant rental which cannot be justified on sound business principles. Alterations in the present property would merely increase present expenses with no adequate return compared with the amount expended. To remove the present structure and build on the present site would involve great inconvenience and expense for at least two years.

When this question was pending, the death of Mrs. Robert Stuart brought to the Boards legacies of over \$500,000. It was definitely known that Mrs. Stuart had expressed a desire that a large part of her gift should be retained as a permanent investment, and was only deterred from fixing the amount by the advice of her executor. Of her legacies the Boards used \$125,000 in current work, and the remainder has been availed of in part payment for the property corner Twentieth street and Fifth avenue.

In selecting this location rather than rebuilding on the present site, the Boards acted through special committees, and after consultation with the best real estate experts of the city, who pronounced the property at Twentieth street and Fifth avenue of exceptional value for rental purposes,

and likely to produce larger revenue for many years than the property corner of Twelfth street. A special committee of both Boards, with Mr. John S. Kennedy as Chairman, has in charge the development of the details. On its financial side this movement rests upon the united judgment of sagacious business men to whom the Boards and the Church have intrusted the management of permanently invested funds. It is wholly distinct from the management of current outlay for missionary work. No part of the moneys contributed for the missionary work of the Boards will be diverted for use in connection with this project. The necessary funds will be provided from the legacies of Mrs. Stuart, from funds of the Boards which must be permanently invested, and from the proceeds of the sale of the present property at Twelfth street and Fifth avenue; any balance above these amounts which may be needed will be secured by a mortgage on the property upon which the building is to be erected. The rentals will provide the necessary interest and a sinking fund to extinguish the principal of the mortgage, and in time return a revenue which will help to meet the expense of administration.

HOW THE BOARDS ACTED.

The date of the conveyance of the new site to the two Boards is April 15, 1893. The property having thus been purchased, on March 27th, 1894, according to the statement prepared by the Boards, resolutions were adopted by the Board of Home Missions as follows:

RESOLVED, That the Building Committee of the Board be, and it hereby is authorized and directed to proceed jointly with the Board of Foreign Missions, or otherwise, as it thinks best, with the erection of a building on the Stuart property, at the northwest corner of Fifth avenue and Twentieth street, belonging to the two Boards; and for the purpose to employ an architect, or architects, enter into contracts, and do everything necessary for the complete construction and fitting up of the building; and to make all arrangements for obtaining the necessary money, including borrowing, either upon credit of the board or upon mortgage, or in any other way; and

RESOLVED, further, That at any time, upon the direction of the building committee, the proper officers of the Board

sign and execute all necessary papers to carry out the purpose of the foregoing resolution, including notes, bonds and mortgages and other obligations, and to affix thereto the seal of the board.

As we have already stated, the total indebtedness of the Boards of Home and Foreign Missions, existing on the 1st day of May, 1894, for the current work of the Boards, was over three hundred and sixty thousand dollars. In addition to this sum the Boards were then indebted on account of the purchase price of the new site on 20th Street and Fifth avenue, to the amount of three hundred and forty thousand dollars, making a total indebtedness, May 1st, 1894, for current work, and the unpaid purchase price of the new site, of over seven hundred thousand dollars. Since that day the Boards have borrowed one million dollars from the Seamen's Bank for Savings, and given a mortgage on the new site for that amount to secure the loan, which mortgage bears date the 30th day of November, 1894.

TRUST FUNDS AND THEIR USE.

It is to be noted here that in addition to this indebtedness, the Boards had expended three hundred and fifteen thousand dollars of the legacies of Mrs. Stuart in part payment for the site. This money was invested in the site April 15th, 1893, while the Boards have been paying interest on their debts for current work, and as we shall see hereafter, the whole amount of the legacies of Mrs. Stuart were available for current work, the Boards having actually used one hundred and twenty-five thousand dollars of the legacies for that purpose.

Every dollar of the hundreds of thous-

ands given by Mrs. Stuart was available for the payment of the salaries of home and foreign missionaries, and could have been used for that purpose at any time since it came into the possession of the Boards, and could have been used for the liquidation of the current indebtedness of the Boards. The total amount of the legacies of Mrs. Stuart which could have been applied to the payment of the salaries of Home and Foreign Missionaries, other than the \$125,000 so used, is four hundred and seventy-five thousand dollars, and that amount has been or will be permanently invested in this site and building. The payment of the salaries of the Home and Foreign Missionaries is the first and highest duty of the Church, and all funds given or available for such purpose, should be sacredly guarded and used to that end.

POLICY OF THE CHURCH.

This investment on the part of the two Boards, and the policy which dictates and controls it, raise a number of important questions which the membership of our Church ought to consider. God has given large wealth to some of the members of our Church. The owners or stewards of large wealth, more than ever recognize the necessity of using it along lines of Christian work, and this is pre-eminently an age of liberal endowment of enterprises which commend themselves to Christian people in order to advance the work of the Church, and to build up the Kingdom of Jesus Christ on Earth.

Our Church is face to face with the important question of the formation of

a policy touching the endowments of her various agencies or boards, which not only merits careful and prayerful attention, but which will tax the highest order of ability in its solution. Such a policy must be adopted and adhered to as will command the full confidence of those who have wealth to commit to the keeping and use of the various agencies of our Church. That policy must insure the permanent application of the gifts to the purposes for which they were given.

It is designed to call attention to the transactions described above by which these two Boards have committed the Church to the investment of one and three quarter millions of dollars in providing a home for her mission work, and incurring in so doing a mortgage debt of one million dollars, for the purpose of raising the questions already referred to, which can only be solved by that calm consideration which should be present in a friendly discussion by members of the Church of Christ. Let us proceed to examine.

1. To what extent have the Boards of Home and Foreign Missions the power to purchase real estate?

2. What power do they possess to invest in real estate funds given for the purposes of the Boards?

3. What should be the policy of the Church in making provision for the premises necessary to carry on the work of her respective agencies?

I.

TO WHAT EXTENT HAVE THE BOARDS OF HOME AND FOREIGN MISSIONS THE POWER TO PURCHASE REAL ESTATE?
The Boards of Home and Foreign

Missions are civil corporations created by the laws of New York. Like all corporations their powers are limited by the laws of the State creating them. They cannot exercise any other powers than are expressly granted to them, or are necessary to carry out the purposes for which they are created. According to the law of the State of New York, such corporations as the Boards of Home and Foreign Missions have authority to acquire such real estate as is necessary for the purpose of incorporation.

At the time that these two Boards purchased the site on 20th street and Fifth avenue, they were the owners and holders of the present Mission premises on the corner of Fifth avenue and 12th street. It can not be denied that the present site on Fifth avenue and 12th street is amply sufficient for the purposes for which they are incorporated, and had ample area for all the buildings necessary to carry on the business of the two Boards for the next two hundred years.

The moving cause for the acquisition of the new site was not that the present premises are not large enough for the business of the two Boards, but rather, as stated in the circular of the Boards, "that a new structure erected on the present site would not admit of office rentals as a source of income; and that in a city where property commands the high prices that rule in New York, it is a waste to occupy so much land as these Boards own without utilizing its possibilities for a large income for rentals." In other words, the site at Fifth avenue and 20th street would be a better site for rent-

ing the unoccupied portions of such a structure as the Boards desire to erect, than the site at Fifth avenue and 12th street; and it would be a better investment of money to locate on a site where large rentals can be obtained from stores and offices, for so much of the building as the Boards do not use for their own purposes.

WHY THE BOARDS WERE INCORPORATED.

It is to be borne in mind, however, that these Boards were not incorporated for the purpose of erecting buildings to be rented as stores and offices. Neither were they incorporated to speculate in real estate, and to take the risks incident to all such investments in large cities. The question arises whether such corporations, having acquired and holding sufficient property for their own uses, have power under the law of the state incorporating them, while they still hold that property, to invest or speculate in other property on which to erect buildings, which they propose to rent for other uses than their own. If they have, where is the limit? How many buildings may they thus acquire even without money and solely on credit?

Of course the only authority that could legally question the exercise of that power is the State of New York that created the corporations. But whether civil corporations created solely for the purposes for which our Boards of Home and Foreign Missions were incorporated, should engage in any such investments and speculations, even if they have the charter power to do so, is a wholly

different question. We presume that these Boards before acting were advised that they possessed the legal authority under the laws of the State incorporating them, to hold and acquire the property on the corner of 20th street and Fifth avenue, where they are erecting a million dollar building with borrowed money, the larger portion of which will be occupied, not by themselves, but be rented for stores and offices, just as any other investment in real estate and buildings, while at the same time they were the owners of other real estate, occupied by them, with ample area for all buildings necessary for their purposes.

While all corporations should endeavor to comply strictly with the law of their creation, and confine themselves strictly within the powers granted to them, corporations created for religious purposes should be pre-eminent in their strict adherence to the laws of their creation, and the powers vested in them by the State. They should, under no circumstances, afford opportunity to criticism on those grounds, and certainly should not so act as to warrant the State creating them in taking action to restrain what may be an abuse of corporate power.

II.

WHAT POWER DO THE BOARDS POSSESS TO INVEST IN REAL ESTATE, FUNDS GIVEN FOR THE PURPOSES OF THE BOARDS?

The statement of the Boards as to how the necessary funds will be provided is as follows:

“The necessary funds will be provided from the legacies of Mrs. Stuart, from funds

of the Boards which must be permanently invested, and from the proceeds of the sale of the present property at 12th street and Fifth avenue; any balance above these amounts that may be needed will be secured by a mortgage on the property on which the building is to be erected.”

The Boards do not give us a detailed statement “of the funds of the Boards which must be permanently invested” that are to be so used.

Whose funds and from whom received. Have the Boards the power to so use such funds and if so, ought they do to so? Will the principal remain permanently safe in such an investment?

The will of Mrs. R. L. Stuart, by which these legacies were given, in item 24 provided as follows:

“24th. I give, devise and bequeath one equal one-half part of all the rest, residue and remainder of my estate, real and personal, to the following named corporations and institutions: The American Bible Society, The Board of Foreign Missions of the Presbyterian Church in the United States of America, incorporated by an act of the Legislature of the State of New York; The Board of Home Missions of the Presbyterian Church in the United States of America, incorporated by an act of the Legislature of the State of New York; The Presbyterian Hospital in the city of New York, situated on Madison avenue and 70th street and 71st street, incorporated by the Legislature of the State of New York.”

MRS. STUART'S LEGACIES.

The three hundred and fifteen thousand dollars used in the purchase of the site; the one hundred and twenty-five thousand dollars used by the two Boards for current needs, and an estimated sum of one hundred and sixty thousand dollars yet to be received under said legacies, which it is proposed to use in this investment, constitute as we understand it, the total amount of said legacies to

the two Boards under the will of Mrs. Stuart. This makes a total from Mrs. Stuart's estate of six hundred thousand dollars for Home and Foreign Missions; one hundred and twenty-five thousand dollars have been used for the current work of the Boards, leaving four hundred and seventy-five thousand dollars of the same to be invested in the new building and site. The money thus given by Mrs. Stuart was without any limitation, restriction, or direction; so far as her will is concerned. Every dollar of it was available for the current needs of the Board, exactly as is the money contributed by the churches to the Boards for their current work from year to year.

The sum of three hundred and fifteen thousand dollars paid on account of the site, could have been used by the Boards to meet, so far as it would have done so, the needs of the Boards for their current work, just as the sum of one hundred and twenty-five thousand dollars, forming a part of the same legacies, had been already used. The language of the Boards in their statement on this subject is as follows:

“Of her (Mrs. Stuart's) legacies, the Boards used one hundred and twenty-five thousand dollars in current work, and the remainder has been availed of in part payment for the property corner of 20th street and Fifth avenue.”

DR. ROBERTS AND THE LEGACIES.

One of the secretaries of the Home Mission Board,—Dr. Roberts,—in urging this new Mission Home project before the joint committee of the Assembly at Saratoga, stated that he had had several conversations with Mrs. Stuart before her death, in which she

stated that she desired to see a permanent fund created, the income of which would pay all expenses, and leave the entire contributions of the Church for the work, and which would also be a basis of credit upon which the Boards could secure such temporary loans as were necessary to carry on the work before the contributions had been received from the churches. How Mrs. Stuart's money, having been used in the purchase of real estate on which a mortgage for one million dollars has been given, can still be used as a basis of credit it is difficult to see.

The Boards in their statement say: “When this question (the question of providing increased accommodation for the Boards) was pending, the death of Mrs. R. L. Stuart brought to the Boards legacies of over five hundred thousand dollars. It was definitely known that Mrs. Stuart had expressed a desire that a large part of her gift should be retained as a permanent investment, and was only deterred from fixing the amount by the advice of her executors.”

THE WILL, AND IT ALONE, DETERMINES.

No such statements appear in the will of Mrs. Stuart. Nothing is said in her will such as is reported by Dr. Roberts as having been said by her, or as is stated in the circular of the Board. The law does not permit the plain terms of a last will and testament to be varied or construed by oral testimony. No rule of law is more rigidly adhered to by the civil courts than this one. No instrument is more sacredly guarded by civil courts than the last will and testament of a deceased person. The law will not

permit the living to make a different will than what the testator has left as his solemn act. The will and the will alone can be looked to for the intentions and purposes of the testator, as a will speaks solely from the death of the testator.

Therefore, whatever may be said as to what was in Mrs. Stuart's mind before her death, as expressed to others, the Boards in charge of her legacy, and all persons interested therein, must follow strictly the terms of her will, and can not be governed or controlled in opposition thereto by any wishes expressed by her, or conversations had with her, other than are set out in her last will and testament. Our Church should give no uncertain sound on this subject, so that those who may desire to make gifts to the Church by will, will know that it is the policy of the Church, as it is the invariable policy of the civil courts, to be guided by the will and the will alone in the administration of legacies given to it, and not to attempt to enlarge or construe its terms by the oral declarations of another.

Where money is left without any specific direction for permanent investment, the presumption is that it is left for the current needs of the Board to which it is given. Where a sum of money left to the Boards is too large to be used for the current needs of the Boards in one or two years, the Boards, of necessity, must find an investment for the surplus in excess of the actual needs of the Boards. But where the sum is not in excess of the actual needs of the Boards, and where, as in the case of the Boards of Home and

Foreign Missions, legacies form a large part of its income for its current needs, the Boards should have no authority to use the money in real estate investments.

HOW MRS. STUART'S MONEY IS INVESTED.

Assume that Mrs. Stuart had directed that all or the greater part of her legacies should be permanently invested, and the income alone used for the purposes of the Boards, would that have justified the boards in investing the \$475,000 they have invested in a second mortgage, as has been done, and that too where the security depends upon the maintenance of sufficient fire insurance in responsible companies? Surely Mrs. Stuart's legacies, if they were to be permanently invested and the income alone used, should have been invested as a first mortgage, in unencumbered real estate, where the principal would be reasonably safe. It seems clear to us that the magnificent gifts of Mrs. Stuart should have been so securely invested—if authority existed for their investment, instead of being used for the payment of the salaries of the home and foreign missionaries, as they could have been used, and as one hundred and twenty-five thousand dollars of the legacies were used—that the principal would be safe for all time, and producing an income at least equal to the average of ordinary investments.

As the situation now is, the Boards own the site and the building, with a first mortgage for a million of dollars to the Seamen's Bank, and the four hundred and seventy-five thousand

dollars of Mrs. Stuart's legacies, and the proceeds of the sale of the Lenox homestead, which will amount to from three to four hundred thousand dollars, will form a part of that investment, and will be subject to this first mortgage of a million dollars. We have thus a case of these Boards taking over three quarters of a million of dollars of the funds of the Church and investing them in a real estate investment which is practically a second mortgage, whose security depends upon the constant maintenance of sufficient fire insurance in companies that will be responsible in the event of loss.

We fail to see anything in the will of Mrs. Stuart, or even in the statements which it is said she made touching the purpose of her gifts, that would warrant the making of such an investment by these Boards of her money. Is it in the power of these Boards, under the laws of New York, to invest any of the permanent funds, or any legacies made to it in second mortgages, or in real estate encumbered as this new site and building are encumbered? What assurance have the donors of large gifts to these Boards that the money given, even for permanent investment, will be safeguarded and secured for the purposes for which it is given, if the Boards can so invest and so speculate as they have done with the gifts of Mrs. Stuart, and as they propose to do with the gifts from the Lenox heirs?

Would Robert Lenox Kennedy, if he had been alive, have approved of the sale of Fifth Ave., and Twelfth

St., and the investment of the proceeds of the sale including the money he gave for its purchase, in the new site on Twentieth St., and Fifth Ave., subject to a first mortgage of a million dollars?

WHAT SHOULD BE THE POLICY OF THE CHURCH IN MAKING PROVISION FOR THE PREMISES NECESSARY TO CARRY ON THE WORK OF HER RESPECTIVE AGENCIES?

We come now to consider what is involved in the policy pursued by the Boards of Home and Foreign Missions in this matter. To provide in part for the payment for the site and the erection of the building on Twentieth street and Fifth avenue, it is proposed to sell the present premises on Fifth avenue and Twelfth street. According to the estimate of one of the secretaries before the joint committee of the General Assembly in 1894, it is expected to realize between three and four hundred thousand dollars from the sale of the present premises. In the event that the latter sum is realized, the total cash investment of the Church's money in the new premises and building will be eight hundred and seventy-five thousand dollars, less than one-half of the estimated total cost of the site and building. The remainder of the money necessary to erect the building and pay for the site has been borrowed, and a mortgage to secure one million of dollars has been given on the property. Before the building can be completed so as to pay any rental, a period of at least two years will have elapsed from April 15, 1893, the date of the purchase of the site.

The Boards have been carrying a loan of three hundred and forty thousand dollars, at $4\frac{1}{2}$ per cent. interest, on account of the purchase of the site. This loan was made April 15, 1893. The interest on this loan for two years will be thirty thousand six hundred dollars. In addition to this loan, the three hundred and fifteen thousand dollars given by Mrs. Stuart is invested in the ground, and has been so invested since April 15, 1893, and it will remain unproductive until the net rental of the property shall produce an income. If this three hundred and fifteen thousand dollars had been invested May 1, 1893, at five per cent. it would have netted an income to the two Boards for two years of thirty-one thousand, five hundred dollars.

INTEREST PAID AND INCOME LOST.

In the process of erecting the building, which will cover a period of from twelve to eighteen months, sums aggregating nearly one million dollars will have to be borrowed to meet payments to contractors. These sums will bear interest at four and one-half per cent., and the aggregate interest on the sums thus borrowed until the completion of the building, will be from fifteen to twenty thousand dollars. We have thus an aggregate interest charge or loss for the time between the purchase of the site and the completion of the building, amounting to at least seventy-five thousand dollars. Against this there is an alleged credit, as per statement, of about thirty-nine thousand dollars.

Assume that the building is ready for occupancy at the end of two

years from the purchase of the site. Before any net rental can be derived, a sufficient number of stores and offices must be rented, the income from which will meet the entire fixed charges for the operation of the property,—taxes, insurance, elevator and electric light plants, janitors and manager of building. To manage such a building, secure proper tenants, control servants and superintend the operation of the electric lighting and elevator plant, requires a high order of ability which will command a large compensation. All these fixed charges will have to be met before a cent can be applied to the payment of the interest, even of the money borrowed.

Why should the Presbyterian Church adopt a policy involving the risks, liabilities and losses incident to such an investment, merely for the purpose of securing premises to accommodate its secretaries and clerks in the distribution of the funds given by the Church for Home and Foreign Missions?

Why should the Church sell the present historic premises, which it owns in fee, and without a dollar of debt, and invest the proceeds in a lot and building mortgaged for one million dollars of debt, and which debt, it is possible, may compel a sale of the new premises? If such a contingency should happen the Church would be without any home for its work.

HOW ARE INTEREST AND DEBT TO BE PAID?

It is difficult to see how the Boards of Home and Foreign Missions can

purchase this site, erect this building, and pay interest on the loans, without affecting the current or permanent funds, or both.

Cost of site, six hundred and seventy thousand dollars (\$670,000); cost of building, one million and eighty thousand dollars (\$1,080,000); total cost of site and building one million seven hundred and fifty thousand dollars, which sum, at $4\frac{1}{2}$ per cent. per annum, would net seventy-eight thousand, seven hundred and fifty dollars (\$78,750).

The building when completed, as an investment, ought to net at least 4 per cent. annually, which on the cost of one million, seven hundred and fifty thousand dollars (\$1,750,000) is seventy thousand dollars (\$70,000). Assume that of the \$1,750,000, the church has paid from Mrs. Stuart's legacies and sale of present premises seven hundred and fifty thousand dollars (\$750,000), leaving charged as a loan on the property, one million dollars. How is this loan to be paid—principal and interest? The Boards in their printed statement speak of a sinking fund from rentals to pay principal and interest. Before one dollar of rental can be fairly applied to the sinking fund for the liquidation of the principal of the debt of one million dollars, the property, after paying the entire operating expenses, including taxes, insurance, operation of elevators, electric light, heating plants, etc., ought to net at least seventy thousand dollars (\$70,000) per annum, being a net of 4 per cent. on its total cost. All this is to be done when office buildings in our large cities are a drug on the market.

Is it probable that this new mission building will net seventy thousand dollars (\$70,000) per annum—4 per cent. on its lowest estimated cost—even when crediting the income with a proper rental for offices occupied by the Boards? This it must do to meet the lowest probable interest charged on the loan made to erect it and to pay the like rate of income on the money of the Church invested in it.

Assuming, and it is a very reasonable assumption, that even when fairly well rented, it may only net forty-five thousand dollars (\$45,000) per annum, this will only pay the interest on the million dollar loan, and will leave no income whatever for the seven hundred and fifty thousand dollars (\$750,000) of the money of the Church invested in the site and building, in which event this sum of seven hundred and fifty thousand dollars (\$750,000) so invested by the Church would be an absolutely profitless investment.

Suppose again that the net rental is less than forty-five thousand dollars (\$45,000), and not able to pay the interest charged on the million dollars borrowed. In that event, the load of debt will increase, while the three-quarters of a million dollars invested by the Church will be profitless. Thus the \$475,000 given by Mrs. Stuart for the work of Home and Foreign Missions, may prove utterly profitless to those causes.

The time may come in the Church's experience of such an investment that nothing will remain but the sale of the property to liquidate the growing debt—and that at the risk

of the loss of a considerable amount of the money intrusted to the Church by Mrs. Stuart and the Lenox heirs, as well as the loss of the present historic premises.

In the event of the depreciation in the next fifty years of the property on Fifth avenue and Twentieth street, by such changes in value as are likely to occur in all large cities, who is to make good the loss to the Church? What security have donors to the various Boards, even in the case of permanent investments, that their principal will be kept intact for all time to come, where they have so ordered it, if the Boards can invest that principal, or any part of it, in the purchase of real estate and the erection of large buildings, with all the incidental and almost inevitable losses and depreciation which occur in the course of years in all large cities?

We do not propose to discuss here whether it is a wise policy to have the Boards of Home and Foreign Missions permanently located on the eastern seaboard of this country. Many reasons can be given why the Board of Home Missions should now be located nearer the center of the country. What we desire to do is to direct the mind of the Church to the importance of adopting a permanent

policy with regard to the use and investment of all funds committed to the keeping of its respective Boards, in order that donors may feel that security which the Church ought to give them to warrant them in using their wealth for the purpose of building up the Kingdom of Jesus Christ through the agency of our Church. And the mind of the Church should be directed to the further question of how far such Boards should go in the matter of premises for their work.

We submit, that engaging in investments of such magnitude in real estate and buildings, involving probable depreciation and loss, more or less inevitable, and liabilities for negligence in their management, may not commend itself to those who have money to give to the various causes represented by the various Boards of our Church. A withdrawal of such a large principal on such a small net income, or without income, is a questionable policy, especially in the case of Home and Foreign Missions, which should lie so close to the heart of the Church, and which should be mainly carried on by regular contributions for the current needs of their work.

Yours truly,

THOS. MCDUGALL.

Cincinnati, O., March 12, 1895.